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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 013471

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E.O. 12958: DECL: 06/23/2031  
TAGS: [PGOV](#) [ECON](#) [SOCI](#) [CH](#)  
SUBJECT: BEIJING VICE MAYOR FIRED FOR "DECADENCE" OR  
POLITICS?

Classified By: Classified by Political Section Internal Unit Chief  
Kin Moy. Reasons 1.4 (b,d).

Summary

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¶1. (C) Beijing is abuzz with talk of corruption scandals, following the abrupt sacking on June 11 of Beijing Vice Mayor Liu Zhihua for leading a "decadent lifestyle" and the ongoing investigation of a navy commander for bribery. In a departure from the usual popular approval for arrests of corrupt officials, however, netizens and internet media are questioning the lack of transparency in Liu's case and airing suspicions that the case is politically motivated. One contact complained that charges of Liu's leading a "decadent lifestyle" pale in comparison with rumors that Vice Admiral Wang Shouye accepted bribes to the tune of about USD 15 million. Several contacts asserted that Liu's arrest had no direct connection to his Olympics-related responsibilities. End summary.

¶2. (C) Beijing contacts and some internet writers suspect political motives and are calling for more transparency following the June 11 surprise sacking of Beijing Vice Mayor Liu Zhihua. The Xinhua News Agency reported on June 12 that the Beijing municipal people's congress had verified that Liu's transgressions were "serious" and "set a bad example" and noted that he was dismissed for leading a "decadent lifestyle." Mainland news reports of the story were limited strictly to the Xinhua account, although the story's prominence varied depending on the paper. For example, Beijing municipal media buried the story on interior pages.

¶3. (C) Despite this, the news spread quickly in Beijing and chatroom posts were roundly skeptical of the case. "If your politics are correct, a decadent life is nothing!" read one typical post. Other representative posts claimed Liu was clean compared to other officials, that all officials have several mistresses and asked rhetorically why his crimes were being kept secret.

¶4. (C) The case caught western media attention in part because of Liu's responsibility as Vice Mayor for Olympics-related venue construction, but local businesspeople, officials and journalists who discussed the case, said they believed the case was not directly related to preparations for the Olympics. Zhao Xukai of the State Council's Development Research Center (protect) asserted to Poloff that a businessperson blew the whistle on Liu over a controversial land deal that involved kickbacks. (Note: Western media reports are asserting that the detention this week of Beijing Capital Company's

General Manager Liu Xiaoguang is related to the case.  
End note.)

15. (C) Several contacts said they had heard stories of Liu's excessive lifestyle, but claimed he was not generally regarded as being more corrupt than anyone else. As Central Party School scholar Kang Shaobang (protect) put it, "whoever has the misfortune to be investigated is going to get nailed." Former People's Daily editor Ma Licheng speculated that Liu's case was connected to wrangling over Party personnel changes within the leadership, but said he did not know the circumstances. Several contacts compared Liu's case to that of former Beijing Party Secretary Chen Xitong, who was imprisoned on corruption charges in the mid-90s in what is widely viewed here as a power play by former President Jiang Zemin.

16. (C) Vice Mayor Liu, who was moved to his position shortly after current Beijing Party Secretary Liu Qi was appointed Mayor in 1999, was in charge of land allocation, city planning and project construction for the Olympics, affording him plenty of graft opportunities, according to contacts. Zhao said that the Xinhua report on Liu's dismissal was highly unusual in citing a "decadent lifestyle," however, and he speculated that the timing of the case may well be explained by other factors. Lin Tao, a well-connected analyst at a local consulting firm who used to work at the Central Party School, commented that Liu was widely known for his "extravagant lifestyle," and that the discovery of his excesses could not be "new." Lin complained that Liu's transgressions were no where near as serious as those of navy commander Wang Shouye, the subject of another ongoing high-profile

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corruption investigation, who is rumored to have taken USD 15 million in bribes. "They need to find two or three big fish to hook every year," noted Ma. "Who it will be depends on political expediency."

Comment  
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17. (C) Few people here really believe Liu is clean, but public skepticism toward the Party's anti-corruption efforts is palpable. The widespread attribution of the case to political plotting in the run up to the 17th Party Congress is likely overstated. That said, the secrecy surrounding the case will only continue to fuel speculation.

RANDT